

Minutes of the Regular Work Session of the
Board of Mayor and Aldermen, City of Kingsport, Tennessee
Monday, December 20, 2010, 4:30 PM
Council Room – City Hall

PRESENT:

Board of Mayor and Aldermen

Mayor Dennis R. Phillips

Alderman Valerie Joh

Vice-Mayor Benjamin K. Mallicote

Alderman Larry A. Munsey

Alderman Tom C. Parham

Alderman Jantry Shupe

City Administration

John G. Campbell, City Manager

J. Michael Billingsley, City Attorney

James H. Demming, City Recorder

1. **CALL TO ORDER:** 4:30 p.m. by Mayor Phillips.
2. **ROLL CALL:** By Deputy City Recorder Angie Marshall. Absent: Alderman Marsh.
3. **WORK SESSION TICKLER.** Assistant to the City Manager Chris McCartt gave a brief update on the Netherland Inn Roundabout project, stating everything had been taken off the Ward's Mill property and demolition would begin after the first of the year. Regarding the Netherland Inn Bump Out, Public Works Director Ryan McReynolds noted the goal of this project was to improve sight distance in response to citizens' requests. Easement issues will be brought before the Board at the next meeting in January. Mayor Phillips also noted the Wayfinding signs were going up throughout the City and were looking good.
4. **AUDIT COMMITTEE UPDATE.** City Recorder Demming introduced City Staff members who were involved in the audit, as well as Chad Kisner, a partner with Blackburn, Childers and Steagall, PLC, the accounting firm who performed the audit. Alderman Munsey noted fellow Board Audit Committee members Vice-Mayor Mallicote and Alderman Joh and stated the City had a received an unqualified clean opinion, which is the highest rating possible. Alderman Munsey gave a summary and explanation of the audit results, noting there were no deficiencies identified in internal control that are considered to be material weaknesses. Other items of significance that were discussed included the large increase in grants received this past year due to the American Recovery and Reinvestment Act, the City's ongoing excellent credit rating and the level of outstanding debt – which is well below the legal debt margin as set forth in the City Charter. The Audit Committee recommended approval of the audit report at tomorrow's regular business meeting.
5. **DISCUSSION OF HOW TO MOVE BOE CENTRAL OFFICE PROJECT FORWARD IN A TIMELY MANNER.** City Manager Campbell stated the Central Office has to be out of their current location by November of 2011. They will be relocating into a 100,000 square foot section of the Quebecor building that has been conceptually redesigned to decrease the size of the building to 54,789 square feet which will ultimately reduce the cost of repairing the roof and exterior walls. The schools have increased their budget for this project;

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, December 20, 2010

however, they need an additional \$605,000 to move forward. This project is still less costly than the original request for proposals received by the schools in regards to new construction. When the renovations are completed, there will be 27,000 square feet of unfinished space available for resale to recuperate this investment. Mr. Campbell emphasized this would also make the City's property more valuable. Discussion followed concerning funding sources, as well as Food City's construction plans for adjacent retail space. A progress report of the renovations for the doctor's group in the nearby Press LLC building was also given, noting they plan to be inside and operational by next fall.

At this time, Item VI.D.11 had not yet been added to the agenda and was discussed before the other agenda items.

6. REVIEW OF AGENDA ITEMS ON DECEMBER 21, 2010 REGULAR BUSINESS AGENDA. City Manager Campbell, members of staff and community members provided a summary or presentation for each item on the proposed agenda. Those items the Board discussed at greater length or which received specific questions or concerns included:

In order to accommodate Superintendent Dr. Richard Kitzmiller with the school system, Items VI.B.1, VI.B.3 and VI.D.7 were addressed consecutively to allow Board members to ask questions. There was no discussion on these items.

Alderman Shupe questioned whether online payments would ever be available for the Water Department. City Manager Campbell responded, stating there was a committee looking into that at this time. Mayor Phillips also noted the ability to make credit card payments will also be available soon.

VI.D.5 Consideration of a Resolution to Assess Costs on Abutting Property Incurred for Street Lighting in the Linville Street Lighting Improvement District No. 1 (AF: 381-2010). City Manager Campbell gave details on this item and Alderman Joh noted the assessed price per foot was actually less than originally anticipated. Assistant Public Works Director Michael Thompson further stated this was a multi-step process, noting the next stage would be to hold a public hearing to allow affected property owners an opportunity to ask questions.

VI.D.6 Consideration of a Resolution to Authorize the Mayor to Sign the Application for Federal Assistance from the USDA/Rural Development – Greeneville Office for the Beech Creek/Van Hill Waterline Extension (AF: 398-2010). Public Works Director Ryan McReynolds presented this item noting this was a cooperative effort between the City of Kingsport, State Representative Dale Ford and the Mayor of Hawkins County to address a lack of water to this area. A Community Development Block Grant has already been approved for partial funding and the remainder is being sought through an application of a USDA Rural Development Loan and Grant. To date, 191 residents have signed up for this service and there are 65 more potential customers to generate revenue. This 14 mile extension will also create a potential development for growth in this area.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, December 20, 2010

VI.D.8 Consideration of a Resolution Approving a Lease Agreement with Kingsport Housing and Redevelopment Authority for Office Space in the V.O. Dobbins Complex (AF: 400-2010). Assistant to the City Manager Chris McCartt presented this item stating that a long-term lease agreement was required by the Department of Housing and Urban Development. Kingsport Housing and Redevelopment Authority has agreed to cover all costs associated except for the exterior maintenance of the building, which will be provided by the City.

VI.D.9 Consideration of a Resolution Authorizing the Mayor to Sign All Applicable Documents Necessary and Proper to Establish the Kingsport Higher Education Foundation, Inc. (AF: 401-2010). City Manager Campbell stated this program was designed to help 3rd and 4th year students. He also noted this would be a great way for citizens to contribute for tax purposes as well. Vice-Mayor Mallicote mentioned the initial goal was to pay for years three and four for students who qualified for the Educate and Grow Program. However, Mr. Campbell confirmed non-traditional students could benefit from this program also.

VI.D.10 Consideration of a Resolution Authorizing the Mayor to Sign All Applicable Documents Necessary and Proper to Purchase 2032 Netherland Inn Road (AF: 402-2010). City Manager Campbell presented this item noting this property (the old Boatyard Restaurant) was needed in order to move forward with a project that would connect West Stone Drive to Ridgefields Road. The building would need to be rented or tore down and funding will come from the RiverWalk project. Mayor Phillips stated that although this was not something that had to be done immediately, he would like to go ahead and purchase it from King College before they sell it to someone else and the City would have to pay a higher price.


VI.D.11 Consideration of a Resolution Allowing the Mayor to Enter into an Agreement with the Industrial Development Board of the City of Kingsport and an Interlocal Agreement with Sullivan County, TN Pertaining to Certain Economic Development Matters and Authorize the Mayor to Sign All Documents Necessary and Proper to Effectuate the Purposes of the Agreements (AF: 404-2010). Mr. Richard Venable from NETWORKS-Sullivan Partnership gave an overview of Project Columbus, involving a prospective European-based company who is very interested in starting a business here in Kingsport. They have been negotiating for several months and the outcome looks favorable. This business would locally invest \$10 million in the building and equipment, in addition to hiring a total of 440 employees after three years. Mr. Venable noted the State has offered this company the largest incentive package he has ever seen in East Tennessee. This company is requesting the City of Kingsport and Sullivan County to invest \$500,000 (\$250,000 each) to help with startup costs. Additionally, the Kingsport Economic Development Board will purchase and lease the building to this company if the City will commit to pay \$150,000 annually to the KEDB if this company defaults on their lease payment. It was noted that the Sullivan County Commission unanimously approved a resolution in support of this action earlier. There was considerable discussion on the risks and benefits of supporting a project of this magnitude.

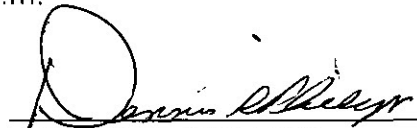
**Minutes of the Regular Work Session of the Board of Mayor and Aldermen of
Kingsport, Tennessee, Monday, December 20, 2010**

BOARD COMMENT. Mayor Phillips noted that Alderman Parham has another commitment tomorrow night and wanted to know if anyone objected or had concerns for agenda items since Alderman Marsh will also miss the meeting. Alderman Parham noted the increased traffic due to shoppers on his way to the meeting. Vice-Mayor Mallicote mentioned that demolition will start on the Shelby Street parking lot in January and requested city vehicles be moved from the closest parking spaces to free up slots for days when Court is in session. Assistant City Manager Jeff Fleming stated a map and letter will be sent to all employees, in addition to signs being posted.

PUBLIC COMMENT. Mary McNabb wanted to say that she appreciates the Board members and wishes everyone a Merry Christmas.

7. ADJOURN. Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 6:50 p.m.


ANGELA MARSHALL
Deputy City Recorder


DENNIS R. PHILLIPS
Mayor